

SECURITY INFORMATION

DATE: 9 August 1952

MEMORANDUM FOR: Chief, D/M
D/S
Chief, D/I
Chief, D/A
Chief, D/E

FROM : Chief, D/S

SUBJECT : Statistical services provided by the Trade and Finance Branch,
Services Division, (S/TF).

REFERENCE : Chief, D/S memorandum to D/M, D/A, D/I of 9 July 1951, subject,
"Trade Statistics."

1. The purpose of this memorandum is to indicate the types of statistical information on the external trade of the Soviet Bloc available in the Trade and Finance Branch, Services Division. S/TF is currently organized on a geographic basis, and is primarily responsible for comprehensive tabulation of the external trade, both East/West and intra-Bloc, of the Soviet Bloc. S/TF also maintains files of official statistical publications from U.N. sources, as well as the statistical publications of many non-Soviet Bloc countries, which enables this Branch to quickly provide information on trade, exchange rates, terms of trade and balance of payments of non-Bloc countries.

2. Statistics on East/West trade of Soviet Bloc countries are derived from officially published statistics of non-Bloc countries. Comprehensive East/West trade tables for Soviet Bloc countries^{a/} have been prepared for 1948, 1949 and 1950, and are being prepared for 1951. Statistical publications of non-Bloc countries have been thoroughly exploited to prepare these tables, and little additional information can be produced from these sources. The commodity detail available in the Soviet Bloc country/commodity trade tables is limited to the commodity classifications employed by non-Bloc countries.

3. These classifications vary widely between countries, and in order to prepare composite trade tables for Soviet Bloc countries it has been necessary to combine commodities into "least common denominator" classifications, at the sacrifice of considerable commodity detail. Enclosure #1 indicates the commodity classifications employed in tabulating East/West trade into comprehensive Soviet Bloc country tables for 1948, 1949 and 1950. Upon short notice S/TF can extract additional commodity detail from official statistical sources. However, it should be understood that the variation in the commodity classifications used by

^{a/} Information for East Germany and the Soviet zone of Austria is fairly complete for 1951, less complete for 1950, and relatively incomplete for 1949 and 1948. Information on the East/West trade of North Korea should be considered as non-existent.

~~SECRET~~

9 August 1952

Page 2

non-Bloc countries will in most cases prevent complete tabulation of East/West trade in commodity detail in excess of that indicated by enclosure #1.

4. Official statistics on East/West trade can be supplemented by the International Trade Register (ITR) maintained by S/TF, in which all reports from classified sources of clandestine trade, contracts, offers and negotiations, etc., involving Soviet Bloc countries are recorded on IBM cards. The commodity classification employed in the ITR is the US Department of Commerce, Classification B, which includes approximately 7,000 separate classifications. Since the reports processed for the ITR vary widely in detail, commodity movements, East/West and/or intra-Bloc trade may not be recorded in a substantial number of classifications. Because of the nature of the input into the ITR, the coverage of clandestine trade should be considered as incomplete.

5. S/TF is in the process of establishing composite tables showing intra-Bloc trade in maximum commodity detail. However, the information available for this purpose is fragmentary, and rarely includes more than the crudest of commodity detail. In the absence of improved collection, S/TF will not be able to provide commodity detail comparable with that derived from official Western sources for East/West trade.

6. Beginning with 1951, comprehensive country/commodity tabulations of East/West trade are being prepared by the Department of Commerce for the commodity classifications shown in enclosure #2. These tabulations are derived from the officially published statistics. S/TF plans to supplement these tabulations with classified information on clandestine trade from the ITR.

7. If ORR branches require studies of trade in commodities not appearing in the official statistics (see enclosures #1 and #2), S/TF will require a significant amount of time to exploit the available sources of information and prepare the required tables.

8. In view of the geographic organization and responsibilities of S/TF, it is recommended that D/M, D/I and D/E branches not rely on S/TF for tabulation of East/West trade in commodity detail in excess of that indicated in enclosures #1 and #2. However, all reports of clandestine East/West and intra-Bloc trade are being currently processed by S/TF, and for many additional commodities this information (available in the ITR) will represent a substantial contribution in the determination of the detailed commodity composition of Soviet Bloc trade. In this connection, it is suggested that D/M, D/I and D/E branches compare the commodities listed in enclosures #1 and #2 with their original recommendations regarding the functions of S/TF for commodity trade studies (see enclosure #3).

9. The exploitation of the periodic foreign service reporting for trade information in commodity detail in excess of that indicated in enclosures #1 and #2 would appear to fall naturally to D/M and D/I branches,

S-E-C-R-E-T

~~S-E-C-R-E-T~~

SECURITY INFORMATION

9 August 1952

Page 3

which follow trade statistics as a part of their responsibilities for specific commodities. Since Foreign Service commodity reporting invariably treats external trade as a primary area of research, D/M and D/I branches would not have to revise their reading requirements to ensure that trade reports on specific commodities be routed to them. As indicated in Paragraph 8, however, S/TF is often in a position to support D/M and D/I branches by providing information on clandestine trade. Furthermore, S/TF expects to service requests for commodity studies of trade involving the Soviet Bloc. As indicated in this memorandum, the principal commodities and commodity groups will be under continuous survey by S/TF and the Department of Commerce, while additional commodity studies will be made by S/TF on an ad hoc basis and will require significant amounts of time to permit S/TF to exploit the available sources.

~~S-E-C-R-E-T~~